

Message Text

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ORIGIN EB-05

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DRAFTED BY WPOLIK EB ISM

APPROVED BY DFMAYERS EB ISM

EP PRCM WGMETSON

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R 302100Z JUL 73

FM SECSTATE WASHDC

TO USLO PEKING

UNCLAS STATE 129600

FOL SENT ACTION ALL DIPLOMATIC AND CONSULAR POSTS FROM
SECSTATE DATED JULY 2, 1973 RPTD FOR UR ACTION

QUOTE UNCLAS STATE 129600

E.O. 11652: N/A

RTAGS: EIND, ETRD

SUBJECT: U.S. FERROUS SCRAP EXPORTS

1. FOLLOWING IS TXT OF STATEMENT BY SECRETARY OF COMMERCE
DENT MADE AT 1530 PRESS CONFERENCE ON JULY 2, 1973:
2. BEGIN QUOTE. IN RECENT MONTHS, THE DEPARTMENT OF
COMMERCE HAS BEEN CLOSELY FOLLOWING DEVELOPMENTS ON THE
PRICE, SUPPLY, AND DEMAND FOR FERROUS SCRAP. OUR PRELIMI-
NARY DATA LED TO A DECISION ON MAY22ND TO IMPOSE REPORTING
REQUIREMENTS ON ALL EXPORTERS OF FERROUS SCRAP SO THAT WE
COULD MONITOR NEW DEVELOPMENTS AND FUTURE ORDER LEVELS
ON A TIME BASIS.
3. THIS REPORTING SYSTEM HAS GIVEN US AN ACCURATE ESTIMATE
OF THE DEMAND LEVELS FOR EORTS OF FERROUS SCRAP FOR THE
REMAINDER OF 1973. THE DATA SHOWS THAT EXPORTS TO DAZ,
COMBINED WITH ORDERS ALREADY ON HAND, NOW TOTAL 12.4
MILLION TONS FOR CALENDAR YEAR1973. ANY NEW ORDERS FOR
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EXPORT THIS YEAR WOULD, OF COURSE, ADD TO THIS TOTAL. THIS

COMPARES WITH A 7.4 MILLION TON EXPORT TOTAL FOR 1972. THE INFORMATION WE HAVE MADE AVAILABLE IN THE PRESS KIT INDICATE THE FACTS WHICH UNDERLIE THESE TOTALS.

4. THIS DEVELOPMENT HAS RESULTED IN VERY SERIOUS PRESSURES ON DOMESTIC SUPPLIES AND PRICES OF FERROUS SCRAP AND HAVE DETERMINED THAT THE CRITERIA SET FORTH IN THE EXPORT ADMINISTRATION ACT HAVE BEEN MET FOR THIS COMMODITY. THE DETAILS OF THE LICENSING AND CONTROL PROCEDURES AS SPELLED OUT IN THE INFORMATION WHICH WE HAVE SUPPLIED TO YOU. IN BRIEF, A LICENSE REQUIREMENT IS BEING IMPOSED FOR ALL EXPORTS OF FERROUS SCRAP. LICENSES FOR EXPORTS AGAINST ORDERS FOR 500 SHORT TONS OR MORE WILL NOT BE GRANTED FOR ORDERS ACCEPTED AFTER JULY 1, 1973. ORDERS ACCEPTED PRIOR TO THAT TIME FOR DELIVERY IN JULY WILL BE GRANTED LICENSES. LICENSING POLICY FOR ORDERS ACCEPTED JULY 1 OR EARLIER FOR EXPORT AFTER JULY 31 WILL BE ANNOUNCED AT A LATER DATE. UNTIL FURTHER NOTICE, LICENSES VALID FOR A PERIOD OF TWENTYONE DAYS WILL BE ISSUED AGAINST ORDERS FOR LESS THAN 500 SHORT TONS, REGARDLESS OF WHEN THESE ORDERS WERE ACCEPTED.

5. IN ADDITION, I WOULD LIKE TO ANNOUNCE THAT THE JAPANESE GOVERNMENT HAS NOTIFIED US THAT IT WILL LICENSE IMPORTS OF FERROUS SCRAP. THE EFFECT OF THIS WILL BE TO DEFER BY 1 MILLION TONS EXPORTS PREVIOUSLY ORDERED FROM THE U.S. SHIPMENTS TO JAPAN, PLUS ORDERS ALREADY IN THE BOOKS FOR SHIPMENT TO IT, NOW TOTAL 6.5 MILLION TONS FOR CALENDAR YEAR 1973. THIS DECISION BY THE JAPANESE GOVERNMENT WILL REDUCE THAT TOTAL TO 5.5 MILLION TONS. IN ADDITION, THE JAPANESE HAVE ASSURED US THAT, FOR THE REMAINING SIX MONTHS OF THE YEAR THEY WILL SPREAD SHIPMENTS TO THEM OF U.S. FERROUS SCRAP TO MINIMIZE DISRUPTION OF U.S. DOMESTIC SUPPLY.

6. I WOULD LIKE TO EXPRESS THE APPRECIATION OF THE U.S. GOVERNMENT TO JAPAN FOR ITS WILLINGNESS TO COME FORTH WITH THIS VOLUNTARY SOLUTION TO A VERY DIFFICULT MARKET PROBLEM. FERROUS SCRAP IS AN IMPORTANT COMMODITY FOR BOTH THE U.S. AND JAPANESE STEEL AND FOUNDRY INDUSTRIES AND WE ARE UNCLASSIFIED

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PLEASED THAT THE JAPANESE GOVERNMENT HAS ACTED QUICKLY AND VOLUNTARILY TO HELP ALLEVIATE THE CURRENT U.S. SUPPLY PROBLEM.

7. THE ACTION WE HAVE ANNOUNCED TODAY IS DESIGNED TO ASSURE THAT DOMESTIC SUPPLIES OF FERROUS SCRAP WILL BE ADEQUATE TO MEET THE NEEDS OF U.S. INDUSTRY. HOWEVER, WE WILL BE MONITORING THIS SITUATION CLOSELY AND DECISION

ON EXPORT LEVELS TO BE ALLOWED AFTER JULY31 WILL BE MADE
BASED ON OUR FINDINGS.

8. THIS ACTION HAS BEEN TAKEN MOST RELUCTANTLY AND ONLY
AFTER IT HAS BECOME CLEAR THAT OUR OTHER EFFORTS TO

ALLEVIATE THE PROBLEM, INCLUDING A SUBSTANTIAL INCREASE IN
OFFERINGS OF U.S. GOVERNMENT-OWNED SCRAPPABLE SHIPS, COULD
NOT PROVIDE A FULL ANSWER.

9. THANK YOU. I WOULD BE PLEASED TO ANSWER ANY QUESTIONS
WHICH YOU MAY HAVE.RUSH UNQUOTE ROGERS

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